

Michigan House of Representatives Commerce Committee February 27, 2007

Presented by:

Ron Kitchens, CEO, Southwest Michigan First

Douglas Morton, Ph.D., PharmMor Consulting, Inc

Dean Knuth, CEO, Jasper Clinic Research & Development

Chris Schauer, CEO, PharmOptima

Catalyst to a New Economy

Ron Kitchens, CEO
Southwest Michigan First

♦ **Kalamazoo has a strong and successful history of innovation.**

- Upjohn Company
- Checker Cabs
- Gibson Guitars
- Stryker Corporation
- Gibson Guitars
- Shakespeare Rod & Reel

♦ **The Southwest Michigan Innovation Center**

- Concept was created in 2000 by Southwest Michigan First to become a catalyst for new innovation with a mixed use theme i.e. life science, IT, medical device.
- In 2002 when Pfizer acquired Pharmacia the focus of the Center was placed on life science based innovation over concerns that the acquisition would mean the loss of the talent based scientific community. The Innovation Center opened in 2003 with 58,000 square foot of wet lab space.

♦ **The “Stick Around” Campaign**

- Marketing campaign that was developed prior to Pfizer making their workforce reduction announcement aimed at any worker that was going to be displaced.
- Focus was on becoming an entrepreneur or working for one of the areas other vast array of life science companies.
 - Intensive Mentoring Programs
 - Business Plan Development Assistance
- In addition it included workshops on opportunities outside of the life science arena in the area to keep the people in the community.

♦ **Michigan Technology Education Center at Kalamazoo Valley Community College (M-TEC)**

- Emerging Technology Center was designed to incubate non-wet-lab life science companies
- Michigan High ThroughPut Screen Center a state-of-the-art High Throughput Screening (HTS) technology to public research institutions and biotechnology companies to identify potential leads for drug discovery and develop chemical research tools to explore biochemical and metabolic pathways.

♦ **The WMU BioScience Research and Commercialization Center**

- Concept was created in 2003 by the newly formed Kalamazoo Life Science Consortium made up of Southwest Michigan First, Western Michigan University, Kalamazoo Valley Community College, and other community organizations in partnership with the Michigan Legislature and the Governor.
- The BRCC supports promising new life sciences ventures entering the commercialization phases of development:
 - Gap financing and start-up assistance
 - BioLaunch that assists clients in all aspects of pharmaceutical development
 - Assistance through the Core Technology Alliance

♦ **West Michigan Innovation Forum**

- Partnership with the Right Place Inc., to create a forum for pre-qualified companies with innovative ideas to present to a pre-qualified investors from the traditional markets, venture capital markets and angel investors.

♦ **Southwest Michigan First Life Science Fund**

- Organized in 2004 in Kalamazoo the \$50 million Southwest Michigan First Life Science Fund, invests primarily in early stage life science companies with a presence in southwestern Michigan.

Building a Bio Science Cluster

Douglas Morton, Ph.D.
PharmMor Consulting, LLC

Building a Bioscience Cluster

(Genetic Engineering News, February 15, 2007)

Critical Assets

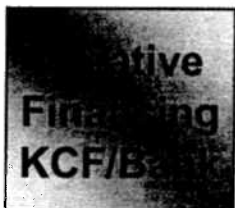
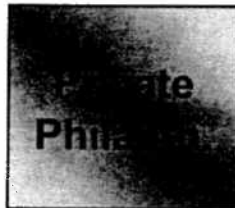
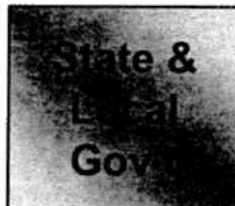
- Proximity to world class research science centers
- Access to talent
- Access to funding
- Quality-of-life factors
- Appropriate, adaptable, and affordable lab and office space
- Entrepreneurial environment
- Availability of support service providers
- Access to patients and markets
- Favorable incentives and tax treatment

Summary conclusions from NYC Economic Development Corp Study, 2006 (600 Bioscience companies in 18 countries; 100 Bioscience companies in NYC and NYC academic institutions)

Southwest Michigan Life Science Cluster

- Southwest Michigan history of impact from industry transitions
- Foresight and desire to diversify economy – leadership
- Life Science Cluster
 - Legacy in the life science sector
 - Capitalize on local talent
 - Develop appropriate space – WMU, SMIC, M-TEC
 - Create financial incentives – SWMF Life Science Fund
 - Import technology where needed
 - Develop leadership and business understanding
 - Alignment
- Pfizer decision to restructure and eliminate jobs in SW Michigan
- Outcomes

**Founders
&
Advocates**



**Western
Michigan
University**

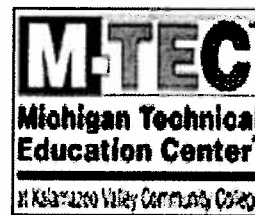


**Kalamazoo
College, L.
Lee Stryker
Center**

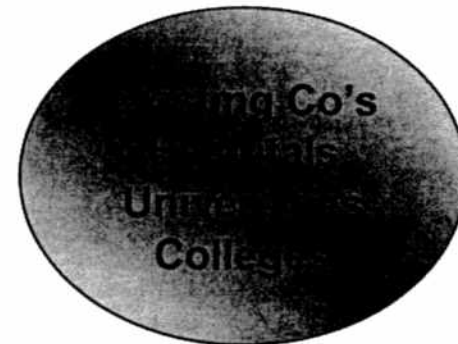


**Small
Business
Technology
Develop.
Center**

**Kalamazoo
Valley
Community
College**



**Life
Science
Cluster**



ProNAi

AureoGen
Biosciences

KALSEC

NanoVir

NEPHRX

Target
ID/V

Screening
(HTS)

Lead ID &
Optimization

Toxicology

Phase I

Phase II

MPI
ANALYTICAL

MPI-CARDION
LABORATORIES
A Division of MPI Research

PROTEOS

MHTSC

K-PharmAlliance
Your Quality Pharmaceutical Service Providers

Kalexsyn
medicinal chemistry

PharmOptima
Expediting Drug Discovery

JASPER

ADMETRx

Single Source Procurement

BRCC
BIOSCIENCES
RESEARCH &
CONVERSION
CENTERS
RESEARCH AND DEVELOPMENT

CeeTox

Micromyx

Outcomes and Challenges

Outcomes

- Cluster growth
 - Further growth of established companies
 - Growth of start up's
 - Growth of indirect jobs
- Start up 'graduation'
- SWMF LSF generating new opportunities

Challenges

- Sustainable cluster growth
 - Talent and training
 - Access to capital
 - 'Evergreen' pipeline of companies
- Partnering on a broader basis
 - State
 - National
 - International

PharmMor Consulting, LLC

- ♦ Formed 2006; sole proprietorship LLC
- ♦ Prior experience in large and small life science companies
- ♦ Consulting for and advisory to life science sector
 - SWMF Life Science Fund SAB/MC
 - SWMF and Southwest Michigan Innovation Center
 - Cleveland Clinic Foundation Innovations Industrial Advisory Board
 - Other SAB's and Boards
 - Advisor to venture funds

Jasper Clinic Research & Development, Inc

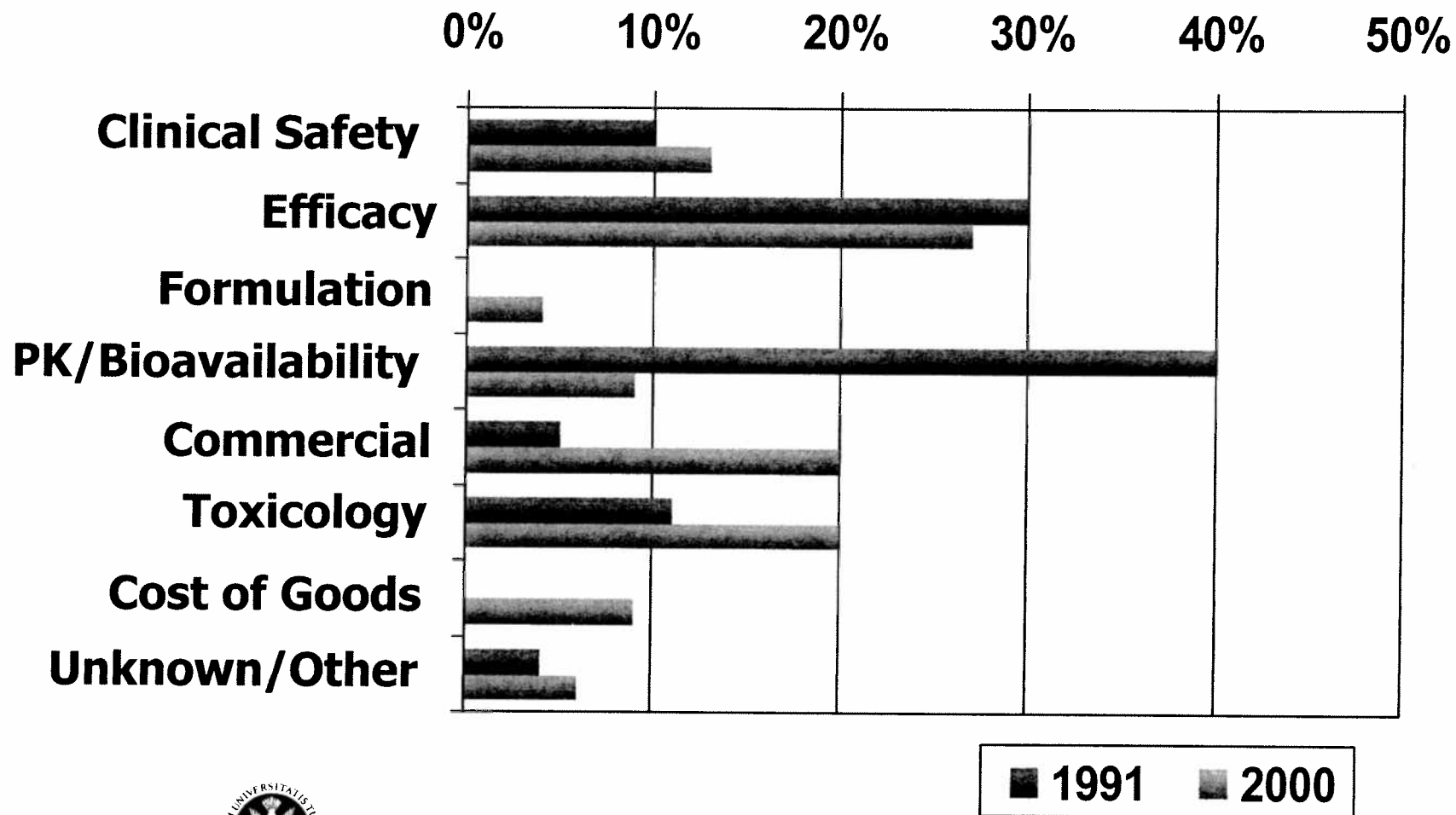
Dean Knuth, CEO

Jasper Clinic Research & Development

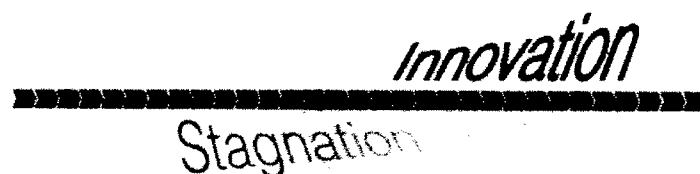
- ♦ Started in 2004 by former Pfizer science group.
- ♦ Prior relationship with Bronson Healthcare allowed the company to operate in the existing space (50 beds). Future relationship expanding.
- ♦ Jasper Clinic is on the campus of a Level 1 trauma center with a 4-minute response time to emergency calls. (**safety is a priority**).
- ♦ Jasper Clinic was one of very few who received a contract with Pfizer through the transitional phase. (**Provided time to adapt & convert**).
- ♦ JCRD's nursing, medical and scientific staff averages >15 years of industry experience in a broad range of therapeutic areas. (**Talent matters**).

- ♦ Jasper Clinical Research & Development, Inc. (JCRD) is an independent phase I clinical pharmacology service provider specializing in innovative early clinical research studies.
- ♦ JCRD consultants provide resource-effective and scientifically sound input into lead assessment, exploratory development, pharmacokinetic analyses and clinical pharmacology R&D planning. JCRD's project management specialists are experienced providers of services such as protocol and study report writing, clinical trial monitoring and study management.
- ♦ Jasper Clinic, Inc. is a 50 bed unit that excels in first in human, cardiac safety, PK/PD, drug interaction and methodology studies, and has proven expertise incorporating pharmacogenetics and biomarkers into exploratory and proof of concept studies. It has a proven record of excellence in phase I study design and conduct in support of project needs throughout development and market support (phase IV).
- ♦ **1 year ahead of plan for new clients.**
- ♦ **~2 years ahead for new hires.**

Reasons for Attrition



FDA Demands Innovative Trials



Critical Path Opportunities Report



U.S. Department of Health and Human Services
Food and Drug Administration
March 2006



♦ Launch Team

- GVIMS
- Spectrum Health
- Saint Mary's
- Jasper Clinic
- Van Andel Institute
- GVSU

♦ Long Term

- Pine Rest, MMPC, West Michigan Heart, Advantage Health, Cancer Hematology of Western Michigan, POWM, Bronson, Borgess, Metro Health, Sparrow, WMPN, Holland Community Hospital, Mary Free Bed

♦ Consultants

- Ken King, Innovative Analytics, Candace Dugan, Arivium, others

Who is Involved

Collaborations – Business Influx

- ♦ Innovative Analytics
- ♦ PharmOptima
- ♦ Bronson Methodist Hospital
- ♦ EuroFins-AvTech
- ♦ Southwest Michigan First
- ♦ Forensic Fluids Laboratories
- ♦ e-Research Technology
- ♦ Medifacts
- ♦ Biomedical Systems Corporation
- ♦ Advanced Cardiac Healthcare
- ♦ Clinical Logistics Inc
- ♦ Alpine

PharmOptima, LLC

Chris Schauer, CPA, CEO

PharmOptima, LLC

- ♦ Started in 2004 by former Pfizer scientists at the Southwest Michigan Innovation Center
- ♦ Chris Schauer became CEO of the company to provide the needed business structure and support in order for the scientist to concentrate on operations.
- ♦ Funding included State and Local support and support from the WMU BioScience Research & Commercialization Center.
- ♦ One of the first companies to announce graduation from the Innovation Center

- ♦ PharmOptima is a technology advanced, research service business expediting drug discovery by optimizing drug lead identification utilizing compound biochemical mechanisms of action and first in animal proof of concept and ADME studies.
- ♦ The company is a highly experienced drug discovery and development experts with many combined years of pharmaceutical experience.
- ♦ **Need for More Effective Drug Discovery**
 - Average development costs for a new prescription drug is over \$800 million
 - Most screening leads fail to become drugs
 - Mistakes cost money and stretch development time

Closing Remarks and Questions

Ron Kitchens, CEO
Southwest Michigan First

Graduating Companies

- ♦ October, 2006 - AureoGen Biosciences
- ♦ February, 2007 – PharmOptima LLC
- ♦ February, 2007 – Innovative Analytics

THANK YOU